

Engtex Group Berhad (Company No: 536693-X)**Quarterly Report on consolidated results
For the Second Quarter ended 30 June 2020**
(The figures have not been audited)**Condensed Consolidated Statement of Financial Position
As at 30 June 2020**

	Note	As at 30 June 2020 RM'000	Audited As at 31 December 2019 RM'000
<u>ASSETS</u>			
Property, plant and equipment		337,102	344,379
Right-of-use assets		43,289	43,738
Investment properties		41,189	41,673
Deferred tax assets		6,876	6,676
Total non-current assets		428,456	436,466
Inventories		428,005	434,423
Receivables, deposits and prepayments		283,572	346,076
Current tax assets		1,550	1,300
Cash and bank balances		67,992	71,156
Total current assets		781,119	852,955
TOTAL ASSETS		1,209,575	1,289,421
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		402,317	410,215
Total equity attributable to Owners of the Company		672,251	680,149
Non-controlling interests		18,184	18,585
TOTAL EQUITY		690,435	698,734
<u>LIABILITIES</u>			
Loans and borrowings	B7	57,608	63,539
Lease liabilities		506	558
Deferred tax liabilities		11,743	11,597
Total non-current liabilities		69,857	75,694
Payables and accruals		67,383	97,106
Loans and borrowings	B7	373,629	413,494
Lease liabilities		112	121
Dividend payable		2,736	-
Current tax liabilities		5,423	4,272
Total current liabilities		449,283	514,993
TOTAL LIABILITIES		519,140	590,687
TOTAL EQUITY AND LIABILITIES		1,209,575	1,289,421
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.56	1.58

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period ended 30 June 2020**

	Note	Individual quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue		138,176	254,643	381,721	528,891
Cost of sales		(124,412)	(226,765)	(335,886)	(471,422)
Gross profit		13,764	27,878	45,835	57,469
Other operating income		1,743	5,748	2,954	7,296
Operating expenses		(18,136)	(24,145)	(41,369)	(47,650)
Finance costs		(4,672)	(5,766)	(9,982)	(11,432)
(Loss)/Profit before tax	B11	(7,301)	3,715	(2,562)	5,683
Tax expense	B5	(309)	(2,867)	(2,722)	(4,699)
(Loss)/Profit and total comprehensive (expense)/income for the financial period		(7,610)	848	(5,284)	984
(Loss)/Profit attributable to:					
Owners of the Company		(7,343)	985	(4,883)	1,103
Non-controlling interests		(267)	(137)	(401)	(119)
(Loss)/Profit for the financial period		(7,610)	848	(5,284)	984
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(7,343)	985	(4,883)	1,103
Non-controlling interests		(267)	(137)	(401)	(119)
(Loss)/Profit and total comprehensive (expense)/income for the financial period		(7,610)	848	(5,284)	984
Basic and diluted (loss)/earnings per ordinary shares (sen)	B10	(1.68)	0.22	(1.11)	0.25

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes In Equity
For the financial period ended 30 June 2020**

	/-----Attributable to owners of the Company-----/					Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2020	269,934	(85)	(4,948)	415,248	680,149	18,585	698,734
Loss and total comprehensive expense for the financial period	-	-	-	(4,883)	(4,883)	(401)	(5,284)
Own shares acquired	-	-	(279)	-	(279)	-	(279)
Dividends to owners of the Company	-	-	-	(2,736)	(2,736)	-	(2,736)
At 30 June 2020	269,934	(85)	(5,227)	407,629	672,251	18,184	690,435
At 1 January 2019	269,934	(85)	(4,275)	419,426	685,000	18,993	703,993
Profit and total comprehensive income for the financial period	-	-	-	1,103	1,103	(119)	984
Own shares acquired	-	-	(92)	-	(92)	-	(92)
Dividends to owners of the Company	-	-	-	(3,294)	(3,294)	-	(3,294)
At 30 June 2019	269,934	(85)	(4,367)	417,235	682,717	18,874	701,591

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2020**

	Note	6 months ended 30 June	
		2020 RM'000	2019 RM'000
Cash flows from operating activities			
(Loss)/Profit before tax		(2,562)	5,683
<i>Adjustments for:</i>			
Allowance for impairment losses on trade receivables		431	187
Allowance for impairment losses written back on trade receivables		(159)	(2,157)
Bad debts written off		-	116
Depreciation of:			
- investment properties		484	445
- property, plant and equipment		11,078	12,032
- right-of-use assets		449	170
Finance costs		9,982	11,432
(Gain)/Loss on disposal of:			
- asset held for sale		-	(2,127)
- property, plant and equipment		(341)	222
Interest income		(910)	(975)
Inventories written down		2,809	300
Property, plant and equipment written off		-	31
Operating profit before changes in working capital		21,261	25,359
Changes in:			
Inventories		4,324	30,950
Receivables, deposits and prepayments		62,232	31,095
Payables and accruals		(29,723)	480
Cash generated from operations		58,094	87,884
Interest paid		(1,262)	(1,260)
Net tax paid		(1,875)	(3,571)
Net cash from operating activities		<u>54,957</u>	<u>83,053</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(3,791)	(5,650)
Interest received		910	975
Proceeds from disposal of:			
- asset held for sale		-	7,324
- property, plant and equipment		566	59
Net cash (used in)/from investing activities		<u>(2,315)</u>	<u>2,708</u>
Cash flows from financing activities			
Interest paid		(9,556)	(10,956)
Net (repayment of)/proceeds from other borrowings		(43,619)	3,858
Net proceeds from/(repayment of) revolving credit		10,539	(26,341)
Payment of lease liabilities		(61)	(2,269)
Repayment of:			
- hire purchase liabilities		(1,224)	-
- term loans		(11,590)	(22,446)
Repurchase of treasury shares		(279)	(92)
Net cash used in financing activities		<u>(55,790)</u>	<u>(58,246)</u>

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**Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 June 2020**

Note	6 months ended 30 June	
	2020 RM'000	2019 RM'000
Net (decrease)/increase in cash and cash equivalents	(3,148)	27,515
Cash and cash equivalents at the beginning of financial period	<u>38,370</u>	<u>16,214</u>
Cash and cash equivalents at the end of financial period	<u><u>35,222</u></u>	<u><u>43,729</u></u>

Note:

Cash and cash equivalents comprise:

	As at 30 June	
	2020 RM'000	2019 RM'000
Cash and bank balances	29,197	34,332
Deposits are placed with:		
- licensed banks	7,167	25,816
- other corporations	<u>31,628</u>	<u>12,359</u>
	67,992	72,507
Less:		
Bank overdrafts	(32,770)	(27,665)
Deposits pledged	<u>-</u>	<u>(1,113)</u>
	<u><u>35,222</u></u>	<u><u>43,729</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the interim financial report for the financial quarter ended 30 June 2020

A. Compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134 – *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019. The accounting policies and methods of computation followed by the Group in this interim financial report are consistent with those adopted in the financial statements of the Group for the financial year ended 31 December 2019 except for the following:

Adoption of new and revised MFRSs, Amendments to MFRS and IC Interpretations

In the current financial period ended 30 June 2020, the Group adopted the following standards, amendments and interpretations which applicable to its financial statement effective for annual periods beginning on or after 1 January 2020:

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

The above applicable amendments are expected to have no significant impact on the financial statements of the Group upon their initial application.

A2. Qualification of Audit Report

The audit report of the Group’s preceding annual financial statements was reported without qualification.

A3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the current financial quarter.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

The World Health Organisation has declared the Coronavirus Disease 2019 (“COVID-19”) a pandemic on 11 March 2020. The COVID-19 outbreak has resulted in the occurrence of events such as the Movement Control Order (“MCO”), movement restrictions for non-essential items, and quarantine measures for returning citizens taken by the Government of Malaysia (“the Government”), causing disruption to businesses and economic activities. The Group’s business closure under the MCO which commenced on 18 March 2020 was extended until 12 May 2020. The Government subsequently relaxed the rules and allowed most of our businesses, except for the hospitality segment, to resume their operations subject to the rules and standard operating procedures set by the authorities under the Conditional MCO (“CMCO”) from 4 May 2020 until 9 June 2020. The CMCO was then replaced by Recovery MCO (“RMCO”) effective from 10 June 2020 until 31 August 2020 with lesser restrictions, which allowed the hospitality segment to

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resume its operation. The hospitality segment saw Ibis Styles hotel located at Bandar Sri Damansara ceased its operation by the end of May 2020.

The above movement control measures taken by the Government to contain the COVID-19 outbreak have adversely impacted the Group's operations.

Other than the above, the business of the Group was not affected by any significant unusual items affecting assets, liabilities, equity, net income or cash flows in the current financial quarter.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter as compared to the financial statements of the Group for the financial year ended 31 December 2019.

A6. Debt and Equity Securities

On 22 June 2020, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Nineteenth Annual General Meeting held on even-date.

During the current financial quarter, the Company repurchased 462,500 of its issued share capital from the open market at an average price of RM0.60 per share plus the transactions cost for a total cash consideration of RM278,466.

As at the end of the current financial quarter, a total of 5,499,800 ordinary shares were repurchased from the open market at an average price of RM0.95 per share plus the transaction cost for a total cash consideration of RM5,226,365. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Other than the above, there were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

A7. Dividend paid

No dividend was paid during the current financial quarter.

A8. Operating segment information

The Group has four reportable segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group Managing Director and the Board of Directors review management reports on at least a quarterly basis. The following summary described the operations in each of the Group reportable segments:

Wholesale and distribution	Includes wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products, general hardware products and construction materials.
Manufacturing	Includes manufacture and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire, steel bars and other steel related products.
Property development	Includes property development and investment activities.
Hospitality	Includes provision of rooms, food and beverage, meeting and function rooms, and other hospitality services.

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The reportable segment information for the financial period ended 30 June 2020 is as follows:

<i>Business segments</i>	Wholesale & distribution RM'000	Manufacturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
External revenue	239,853	136,808	3,431	1,629	381,721
Inter segment revenue	10,232	67,864	260	7	78,363
Total reportable revenue	250,085	204,672	3,691	1,636	460,084
Reportable segment profit/(loss)*	11,516	10,078	(385)	(2,166)	19,043
Reportable segment assets	430,103	494,887	175,017	86,686	1,186,693
Reportable segment liabilities	(233,065)	(228,296)	(26,734)	(27,493)	(515,588)

Reconciliation of reportable segment profit or loss for the financial period ended 30 June 2020

	RM'000
Total profit for reportable segments	19,043
Other non-reportable segment loss	(528)
Elimination of inter-segment transactions	6
Depreciation and amortisation	(12,011)
Finance costs	(9,982)
Interest income	910
Consolidated loss before tax	(2,562)

* Refer to profit before interest, tax, depreciation and amortisation.

A9. Subsequent Events

There were no other material subsequent events since the end of the date of the last annual reporting period until 14 August 2020, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial period under review.

A10. Changes in the composition of the Group

There was no change in the composition of the Group for the current financial quarter under review.

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A11. Contingent liabilities

As at the end of the current financial quarter, the contingent liabilities of the Company as represented by the outstanding banking and credit facilities of the subsidiaries are as follows:

	30 June 2020 RM'000	31 December 2019 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	430,846	476,442
- suppliers for credit facilities granted to its subsidiaries	5,278	5,217
	<u>436,124</u>	<u>481,659</u>

B. Compliance with Bursa Malaysia Main Market Listing Requirements (Part A of Appendix 9B)

B1. Review of performance

	6 months ended 30 June	
	2020 RM'000	2019 RM'000
Revenue	381,721	528,891
Segment profit	18,515	28,797
(Loss)/Profit before tax	(2,562)	5,683
(Loss)/Profit after tax	(5,284)	984
(Loss)/Profit attributable to Owners of the Company	(4,883)	1,103

The net revenue for 2020 was 27.8% lower than the preceding year and incurred a loss before tax for the current year mainly due to the total business closure from 18 March 2020 onwards resulted from the implementation of the MCO. The Government allowed our businesses to resume their operations except for hospitality segment subject to the rules and standard operating procedures set by the authorities under the CMCO from 4 May 2020 onwards and thereafter our hospitality segment is allowed to resume its operation during the RMCO from 10 June 2020 onwards.

On the financial position review for the six months ended 30 June 2020, the Group's equity attributable to owners of the Company decreased by 1.2% from RM680.1 million as of 31 December 2019 to RM672.2 million as of 30 June 2020, and the net assets per share of the Group decreased from RM1.58 as of 31 December 2019 to RM1.56 as of 30 June 2020 on the back of the loss attributable to Owners of the Company and dividend payable. Given the challenging market environment as the arising from the COVID-19 pandemic, the Group has managed to conserve cash by reducing its inventories holding and intensify credit control on its trade receivables to repay bank borrowings. This has led to the improvement in net gearing from 0.58 times as of 31 December 2019 to 0.53 times as of 30 June 2020.

Wholesale and distribution segment

The wholesale and distribution segment recorded a net revenue of RM239.9 million in 2020, representing a decrease of 23.3% as compared to 2019 and contributed 62.8% of the Group's net revenue. The segment recorded a lower segment profit and profit before tax of RM11.5 million and RM4.8 million respectively, representing a decrease of 50.0% and 65.9% respectively as compared to 2019. The segment accounted for 62.2% of the Group's segment profit and the entire Group's profitability. The decrease in revenue and profit before tax was mainly due to the business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the

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MCO. In addition, there was a provision for inventories written down during the period totalled RM2.8 million (2019: RM0.3 million).

Manufacturing segment

The manufacturing segment recorded a net revenue of RM136.8 million in 2020, representing a decrease of 33.5% as compared to 2019 and contributed 35.8% of the Group's net revenue. The lower revenue recorded was mainly due to the business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the MCO. However, the segment recorded an increase in segment profit by 30.7% as compared to 2019 and accounted for 54.4% of the Group's segment profit. Correspondingly, the division recorded a lower loss before tax of RM0.8 million from RM2.5 million recorded in 2019. The increase in segment profit and lower loss before tax were achieved mainly due to the spillover of deliveries from the first quarter of 2020 resulted from the MCO, lower procurement cost of raw materials and lower operating cost during the plant shut down nationwide.

Property development segment

The segment recorded a lower net revenue of RM3.4 million (2019: RM6.0 million) and contributed 0.9% to the Group's net revenue. The revenue was mainly contributed by its completed Amanja project in Kepong. As of end of the current quarter, the total residential units sold in Amanja stood at 78.1% (2019: 61.6%). The segment continued to register loss before tax of RM1.3 million (2019: RM1.4 million) mainly due to the soft property market and recurring operating costs to maintain its unsold property stocks located in Kepong and Selayang.

Hospitality segment

The segment recorded a significant decrease in net revenue of RM1.6 million (2019: RM4.5 million) arising from the decrease in average occupancy rate which stood at 21.0% (2019: 65.3%) from all three operating hotels. The division was adversely impacted by the booking cancellation, especially the tour groups from China, due to the domestic and worldwide travel restrictions in response to the COVID-19 pandemic outbreak since late January 2020 and the subsequent implementations of the MCO and CMCO from 18 March 2020 to 9 June 2020. As a result, the segment closed its hotel operations at the Ibis Styles hotel located at Bandar Sri Damansara to curtail further operating losses during the current quarter. Consequently, the segment registered a higher loss before tax of RM4.7 million (2019: RM3.9 million) which included borrowing cost and depreciation totalling RM2.9 million (2019: RM3.0 million).

B2. Comparison with preceding financial quarter's results

	3 months ended	
	30/6/20	31/3/20
	RM'000	RM'000
Revenue	138,176	243,545
(Loss)/Profit before tax	(7,301)	4,739

The significant decrease in net revenue by 43.3% and incurred a loss before tax as compared to the preceding quarter ended 31 March 2020 were mainly due to the business closure nationwide from 18 March 2020 to 3 May 2020 resulted from the implementation of the MCO. The Government allowed our businesses to resume operations except for hospitality segment subject to the rules and standard operating procedures set by the authorities under the CMCO from 4 May 2020 onwards and thereafter our hospitality segment is allowed to resume its operation during the RMCO from 10 June 2020 onwards.

B3. Prospects

The global economy contracted in 2Q 2020. The International Monetary Fund (“IMF”) revised down its projection of global growth in 2020 to -4.9% in June 2020 from its earlier estimate of -3.0% in April 2020. As the number of COVID-19 cases continued to rise, nationwide lockdowns and travel restrictions were implemented across major advanced and emerging economies. This significantly disrupted production activity which resulted in a marked deterioration in labour market conditions and private sector expenditure. The Malaysian economy registered a contraction by 17.1% in the second quarter of 2020 (1Q 2020: +0.7%) due to sudden stop in activities in April 2020. The decline reflected the unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically. In Malaysia, the nationwide movement control orders included various measures that restricted production and consumption activities. This resulted in demand and supply shocks that emanated not only from significantly weak external demand conditions, but also production constraints in many economic sectors. Additionally, there was a marked decline in tourism activity due to international border closures and restricted interstate travel. On the supply side, most economic sectors registered negative growth while most expenditure components declined. On a quarter-on-quarter seasonally-adjusted basis, the economy contracted by 16.5%. The Malaysian economy is expected to recover gradually in the second half of 2020 as the economy progressively re-opens and external demand improves. Economic activity has resumed since the economy began to reopen in early May 2020. Consequently, growth is expected to have troughed in the second quarter of 2020, with a gradual recovery in the second half. This outlook is underpinned by the rebound of key indicators such as wholesale and retail trade, industrial production, gross exports, and electricity generation. This improvement in growth will also be supported by the recovery in global growth and continued domestic policy support. In particular, consumption and investment activity is projected to benefit from the wide-range of measures in the fiscal stimulus packages, continued financial measures and low interest environment. Overall, the Malaysian economy is therefore forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021. Although growth is expected to recover in 2021, this is conditional on the effective curbing of the COVID-19 pandemic by the end of 2020. *(Source: Bank Negara Malaysia Quarterly Bulletin for 2Q 2020)*

The above uncertainties in local and global economic outlook will provide a challenging platform for our existing businesses in all segments which focus primarily on domestic market. The performance of the Group will be further affected by factors such as the recovery of domestic demand, the volatility in the international and domestic metal prices and the timely implementation of projects in the construction, utilities, infrastructure and property development sectors. Notwithstanding this, the wholesale and distribution segment will continue to focus on expanding its existing customer network and product range and sourcing for new products locally and abroad. The manufacturing segment will improve, automate, optimise and expand its operating capacity and continue to look for new business opportunity. The property development segment does not intend to launch new property development projects on its existing land bank in light of the weak property market other than selling its remaining unsold residential and commercial properties in Kepong and Selayang. The RMCO period which allowed interstate travelling and domestic tourism is a positive start for the local tourism industry which has been adversely affected by the COVID-19 pandemic. After shutting down the Ibis Styles hotel as mentioned in Note **A4**, the management will closely monitor the performance of the remaining two operating hotels and managing their operating costs to remain sustainable.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

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B5. Tax expense

	Individual quarter 3 months ended 30/6/20 RM'000	Cumulative quarter 6 months ended 30/6/20 RM'000
Income tax expense		
- current financial year	225	2,593
Real property gain tax		
- current financial year	(6)	10
- over provision in prior financial year	(106)	(106)
Deferred tax expense		
- origination and reversal of temporary differences	196	225
	<u>309</u>	<u>2,722</u>
Reconciliation of tax expense		
Income tax using Malaysian tax rate of 24%	(1,753)	(615)
Non-deductible expenses	2,220	3,591
Income not subjected to tax	(46)	(158)
Real property gain tax	(6)	10
Over provision in prior financial year	(106)	(106)
	<u>309</u>	<u>2,722</u>

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed for the financial quarter under review.

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2020 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase liabilities	304	-	304
Term loans	57,304	-	57,304
	<u>57,608</u>	<u>-</u>	<u>57,608</u>
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	7,916	24,854	32,770
Hire purchase liabilities	810	-	810
Revolving credit	-	70,190	70,190
Bankers' acceptances	54,486	197,891	252,377
Term loans	17,482	-	17,482
	<u>80,694</u>	<u>292,935</u>	<u>373,629</u>

B8. Changes in Material Litigation

There was no impending material litigation as at 14 August 2020, being the date not earlier than 7 days from the date of this announcement.

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B9. Dividend declared

The final single tier dividend of 0.625 sen per share totaling RM2,736,372 in respect of the financial year ended 31 December 2019 was approved by the shareholders of the Company at the Nineteenth Annual General Meeting held on 22 June 2020.

The Board does not recommend any interim dividend for the financial quarter ended 30 June 2020.

B10. Basic and diluted (loss)/earnings per ordinary share

The calculation of basic and diluted (loss)/earnings per ordinary share for the current financial quarter and the financial period ended 30 June 2020 are based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter 3 months ended 30 June		Cumulative quarter 6 months ended 30 June	
	2020	2019	2020	2019
(Loss)/Profit attributable to owners of the Company (RM'000)	(7,343)	985	(4,883)	1,103
<i>Weighted average number of ordinary shares ('000)</i>				
Issued ordinary shares as at 1 January	443,319	443,319	443,319	443,319
Effects of treasury shares held	(5,251)	(3,997)	(5,144)	(3,976)
Weighted average number of ordinary shares as at 30 June	438,068	439,322	438,175	439,343
Basic and diluted (loss)/earnings per ordinary share (sen)	(1.68)	0.22	(1.11)	0.25

B11. (Loss)/Profit before tax

	Individual quarter 3 months ended 30/6/20 RM'000	Cumulative quarter 6 months ended 30/6/20 RM'000
(Loss)/Profit before tax is arrived at after charging:		
Allowance for impairment losses on trade receivables	201	431
Depreciation of:		
- investment properties	242	484
- property, plant and equipment	5,485	11,078
- right-of-use assets	223	449
Finance costs	4,672	9,982
Inventories written down	1,539	2,809
and after crediting:		
Allowance for impairment losses written back on trade receivables	53	159
Gain on disposal of property, plant and equipment	10	341
Interest income	348	910
Realised (loss)/gains on foreign exchange, net	(2)	25
Rental income on land and buildings	147	307
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B12. Capital commitment

	30 June 2020 RM'000
Property, plant and equipment	
Contracted but not provided for	4,075
	=====

B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 June 2020 were as follows:

	RM'000
Sales	(1,726)
Purchases	3,074
Rental income	(36)
Expenses relating to short-term leases	782
Consultancy fee expenses	248
	=====

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

B14. Provision of financial assistance

Pursuant to paragraph 8.23(1) of the Listing Requirements, the amount of financial assistance provided by the Company and its subsidiaries is as follows:

	30 June 2020 RM'000	31 December 2019 RM'000
Corporate guarantees issued to :		
- financial institutions for bank facilities granted to its non wholly-owned subsidiaries	63,455	86,499
- suppliers for credit facilities granted to its non wholly-owned subsidiaries	538	486
	<u>63,993</u>	<u>86,985</u>

The above financial assistance does not have a material financial impact on the Group.